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PRESS ADVISORY

Secretary of Defense William Perry will speak to the Spring Meeting of the Business Council on May 13, 1994 at 7:30 p.m. (EDT) at the Williamsburg Lodge and Conference Center, Virginia Room, 310 S. England Street, Williamsburg, VA.

The event is open to the news media. Point of contact is Herb Linnen at (202) 457-3933 or 457-3942.

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SECRETARY OF DEFENSE WILLIAM J. PERRY
REMARKS TO THE BUSINESS COUNCIL, WITH QUESTION-ANSWER SESSION
WILLIAMSBURG, VA
MAY 13, 1994

Secretary Perry: Thank you very much, Bob, for that warm introduction. It's a great pleasure to be here, to reacquaint myself with some of the old friends in the audience. And it's an honor to be here speaking with the Business Council in this historic setting.

It was just a few miles from here that the Battle of Yorktown effectively ended the Revolutionary War. With the ending of the Revolutionary War, Thomas Paine told his fellow citizens, "We have it in our power to begin the world again."

Today, with the end of the Cold War, we must begin again to formulate America's security policy and America's defense structure. We not only have it in our power to do this, we have a great need to do it.

Thus, one of the most pressing issues that I face as the Secretary of Defense is recreating our defense posture to fit this new world.

I've defined this task as having three distinct objectives. The first of those is to prevent a reemergence of the nuclear threat that attended the Cold War. The second is to reformulate a policy for the use and for the threat of use of military power. The third is to manage effectively the drawdown in our military forces in the wake of the Cold War.

Let me begin with this first objective--preventing a reemergence of the nuclear threat.

Very early in my career, I received an emergency call from Washington to come back to help analyze some data that our government had received about missile installations in Cuba. That was my first introduction to what came to be called the "Cuban Missile Crisis." I spent several weeks--all day and half the night--studying the data, analyzing it, and helping to prepare the reports that would go to President Kennedy's desk the first thing every morning, giving him the status of what was going on in Cuba on a day-to-day basis.

I still have a vivid recollection of my feelings at that time, because I truly believed that we were about to enter a nuclear war, and I had then, and have today, a full and detailed understanding of just exactly what that means. But I thought that was the likely outcome of the events which were unfolding on a day-to-day basis back in that fateful period.

But the Cuban Missile Crisis only served to dramatize the nuclear threat that has been present all through the Cold War. Indeed, we have all lived our entire lives with a nuclear cloud hanging over our head like a black cloud, threatening the extinction of all of mankind. And, only with the ending of that Cold War, has that black cloud drifted away.

My first objective then, and indeed, I believe the primary security objective of our nation, should be to take every action we can take to prevent that nuclear cloud from drifting back.

Today, there is only one country--Russia--that has a sufficient number of nuclear weapons to threaten the survival of the United States as a nation. Russia is no longer an enemy. Instead, we work with them as a partner.

But in Russia, and the other countries of the former Soviet Union today, the political, economic and social reforms underway have a very uncertain outcome.

In the late 1930's, the Italian philosopher, Gramsky, said, "The old is dying, but the new cannot yet be born, and in the mean time, a great variety of morbid symptoms appear."

Ironically, at the time, Gramsky was speaking of what he saw as the death of capitalism in the 1930's, but his words, in fact, apply to the death of communism in the 1990's. And the morbid symptoms that we see in Russia and Ukraine and Belarus today include deeply divided political systems, profoundly disaffected elites, social dislocation, and political instability. And, in the midst of this profound instability, Russia still has more than 20,000 nuclear weapons.

Therefore, our policy in dealing with Russia has to take into account both the promise of the end of this nuclear threat and the danger of its recurrence. So, our efforts are directed, first of all, to doing what we can to prevent a recurrence; and secondly, to nailing down the gains that we have already made.

Let me give you some examples. We are helping the Russians dismantle their nuclear weapons. In addition, we're helping them convert their massive defense industry and reform the former Red Army so that it is capable of operating under a democratic government with civilian leadership. To the extent that we can accomplish any or all of these objective, we are promoting a safer and a more secure world not only for ourselves, but for Russia as well. We call this policy a "pragmatic partnership."

During my visit to Russia last month to promote these policies, I had an opportunity to see the results of some of them. When I was in Kiev, I asked Ukrainian President Kravchuk whether I might go to the Pervomaysk missile site. Pervomaysk is the location of an operational ICBM site that had the most modern and most capable ICBMs developed by the then Soviet Union. These missiles are covered by an agreement made by President Clinton, President Kravchuk, and President Yeltsin at the summit meeting in Moscow in January. This is the so-called trilateral agreement in which Ukraine agreed to dismantle all 3,000 of their nuclear weapons.

This was supposed to have already started during my visit, so I asked the President if I could see this missile site and see this process underway. He agreed to that. So, the Ukrainian Minister of Defense General Radetsky and I got on his airplane and flew down to Pervomaysk. He took me into the control center which is 12 stories underground, where two young Russians were manning the controls. For my benefit, they went through the entire checkout of all of the missiles in that site. They went through the entire sequence which they do just before launching the missiles.

You must understand that these two officers controlled missiles that have 800 nuclear warheads at this one site. That is, they controlled enough power to destroy every major city in the United States. I have to say, it was truly a stunning experience to stand there and watch them go through this checkout.

From the control center, we then went out to the silos where the missiles were located. They opened up the lid on the silos--a massive, heavy lid to the silos. We stood at the edge and looked down. In fact, I have what I think will be my favorite picture from my experience in Washington, is the picture of General Radetsky and I looking down into this silo where the SS-24 missile is still sitting,

but minus its warheads because, the week before, all of the warheads had been removed and been sent to the site for dismantlement and converting back to the original fissile material, which, in turn, would be converted to be used in nuclear power reactors.

This is what the Defense Department calls "defense by other means." This is the best possible way we can think of to defend ourselves against these 3,000 warheads, is to have them dismantled. So, we are busy at work ensuring that the agreements we made of this nature are, in fact, enforced, and that these missiles are, indeed, dismantled.

From there, I went to the city of Dnepropetrovsk which is where the SS-18 ICBM used to be manufactured. Those of you who have followed strategic missiles will recognize the SS-18. If you don't recognize it, let me tell you that this was the missile that inspired President Reagan to create the Strategic Defense Initiative, to defend against the SS-18 missile. It was his frustration of not being able to find a defense against that which led him to promote the strategic defense program.

In Dnepropetrovsk, the manager of the plant came out and met me and took me to the assembly line where the SS-18s had been assembled. Now, this line manufactures electric buses. As I walked down and examined these electric buses, I thought anything we can do to encourage them to manufacture electric buses instead of ICBMs, it seems to me is a very positive development, and we should promote that with every means available to us.

We are using Defense Department resources to dismantle these missiles, to convert the defense industry in Russia--particularly, that part of it involved in weapons of mass destruction. Through these types of programs, we are trying to prevent the nuclear threat from reemerging.

These programs, and others like them, help promote a positive outcome to the instability in the former Soviet Union. They also make the world a safer place, no matter what happens in the Soviet Union in the political instability that they're now facing. These are truly what I would call win-win programs. They're good for the Russians, they're good for us, and that's what I mean when I call this a part of a pragmatic partnership.

A second objective I described to you was to reformulate a policy for the use and the threat of use of military power in this post Cold War era. This is the most philosophically difficult problem to even describe, much less to formulate. That's because all of the contingencies that we face in this post Cold War era have limited

policy objectives. In other words, when I say limited, I mean that our national survival is not threatened.

In World War II, it was easy to state what our objectives were. They were unconditional surrender of the other forces. It was total victory. We had no trouble deciding that we would use all of the power available to us to do that, up to and including the nuclear weapons which we were just developing.

During the Cold War, our objective was also easy to state. It was that we wanted to deter the threat of a nuclear holocaust.

Now the problems we face are very difficult and very different from that. What is fundamentally different is that the national survival of the United States is not threatened. In the current geopolitical problems we face, our national interests are at stake, but not our supreme national interest. As we look at these different contingencies--regional wars, peacekeeping, humanitarian operations, we see that each is different. Each is [sui generis], but they all have one thing in common--they are situations where our political objectives are limited, and therefore the use, or even the threat of use of military power has to be very selective. That makes it very difficult for the public to understand, because they like to think in terms that if we use our military power we're going to win. We're going to achieve some sort of a definable victory.

This confusion, perhaps, is most clearly evident in Bosnia today. Confusion in the public between what we are doing and what they ordinarily think of that our military force should be doing.

Let me start off by stating what our objective in Bosnia is not. It is not to become a combatant in the war. Therefore, it is not to win a military victory.

Some of you may believe that that should be our objective, but I can assure you that it is not. Others of you who don't want that to be our objective are still confused about what it is that we're doing. So, let me try to explain that as well as I can.

Our objectives are three-fold. First of all, we want to keep the war from spreading beyond Bosnia, indeed, spreading beyond the Balkans. That is not a minor risk. There's a very great danger of that war spreading and becoming a much larger conflagration.

Secondly, we want to take every action we can to accelerate the ending of hostilities as a path to reaching a sustainable peace agreement.

Finally, we want to limit the level of violence, and especially limit the civilian casualties that take place during the time we're trying to reach a peace agreement.

Those are our three objectives. From the Defense Department's point of view, we have a difficult question to answer, which is how can military power be used to further any of those objectives? I think you can understand that we don't assemble ten divisions and storm the beaches to achieve those objectives.

We are using military power in three different areas, all of them, I think, quite effectively--measured against those objectives, not measured against winning a war.

We have now, for over a year, been a part of a major NATO air fleet of almost 200 aircraft--we supply about half of them. The first task they have is to stop the aerial bombardment of cities in Bosnia. For a year now, that has been completely effective. Prior to establishing this no-fly zone edict which we put out, the cities in Bosnia were being regularly bombed. Since that time, for a year now, there has only been one bombing, and that was caught while it was going on, and three Serbian planes were shot down as a consequence of violating that edict. So, that's been very effective, and it has stopped what otherwise would have been the horror of a continual aerial bombardment of the cities in Bosnia.

Secondly, we are doing the same thing relative to artillery bombardment of major cities in Bosnia. We enacted that first by putting an ultimatum to stop the artillery bombardment of Sarajevo. We have tended to forget that we made that edict nine months ago, how effective that has been. Prior to that edict, there were as many as 1,000 shells a day falling in Sarajevo. Now, we have just passed the 90th day in which no shell was fired into Sarajevo. So, that has been very effective, too.

Recently, we have extended that no artillery bombardment zone to Garazde and to four other cities in Bosnia, and we're now considering in the United Nations, whether to extend it to Brcko.

Finally, we're using the NATO air forces to assist the UN ground forces in the humanitarian and peacekeeping operations by providing close air support to them when, and if, they call on us--which they've done twice in a very limited way, and we made a very limited response to those requests.

That describes, as simply and as straight forwardly as I can, what our objectives are in Bosnia, and what we are doing to try to achieve those objectives.

As we sit here at this meeting this weekend, Secretary Christopher, the French Foreign Minister, the British Foreign Minister, the Russian Foreign Minister are all meeting in Geneva, trying to reach a plan, trying to formulate a plan which will accelerate the achievement of a sustainable peace agreement. That is what our ultimate objective is, is to arrive at a true peace agreement in that tortured country.

Let me go from Bosnia to another part of the world, to Korea. In many ways, I believe that Korea poses the greatest single security threat to the United States and to the world today.

We have been confronted for decades with a million man North Korean army based within about 50 miles of the border which, in turn, is less than 50 miles from Seoul. This situation has been dangerous, but it's been a danger we've lived with for almost four decades now. But in the last few years, this situation has been aggravated by the emergence of a nuclear weapons program in North Korea.

We see large facilities in North Korea, and the only reasonable explanation we have of these facilities is that they are the front end of a very significant nuclear weapons program.

A few years ago, North Korea took some spent fuel from a 25 megawatt reactor, which is a part of this facility, and reprocessed it--perhaps achieving enough plutonium for one nuclear bomb. They are now, this week, just starting to remove the fuel from this reactor again. This time we believe they have enough spent fuel that they could make perhaps enough plutonium for four or five nuclear bombs.

So, at this moment, we're having intense discussions among ourselves, the South Koreans, the North Koreans, and the International Atomic Energy Agency, to get authority to send an inspection team to North Korea to assure the world community that the fuel that has been taken out of that reactor will not be diverted to make more nuclear bombs.

If we're successful in these discussions, it will be a major step forward. If we are not successful, and we will know that in a few weeks, then we will have to consider recommending sanctions against North Korea.

North Korea has already stated that they would consider sanctions equivalent to a declaration of war, so we have to regard the situation as very dangerous in Korea.

I visited South Korea and Japan just two weeks ago to review the military readiness of our forces there, and to discuss the situation with the governments of South Korea and Japan. In particular, I wanted to know whether they shared our assessment of the threat and our plans as to what we thought should be done about it.

I came away from this meeting with two very important conclusions. The first is that we have solidarity with the governments of South Korea and Japan--both about what the threat is, and about what we should do about it. The second, is that our military forces--ours being both the United States and the South Korean --are prepared for any military emergency that may develop on the Korean Peninsula.

Let me talk about the third objective I have as the Secretary of Defense, which is to properly manage the post Cold War reduction of our military forces. The drawdown we now have underway, and it's been underway since 1987, is the third major drawdown we've had since the second World War.

Immediately after the second World War, we began to draw down, and in five years, we went from the greatest military force that had ever been assembled in the world, to a military force which a third rate regional power almost succeeded in pushing off the Korean peninsula. So, I think we conclude that we did not manage the drawdown properly after the second World War.

After the Vietnam War, we also went through a drawdown, in fact, one of about the same magnitude as we're going through now. Five years into that drawdown, General Meyer, who was the Chief of Staff of the Army at the time, proclaimed that we had a "hollow Army." He was right, because the way we managed that drawdown was we determined that we should maintain the force structure--the number of personnel in our forces--and take all the reductions out of the maintenance of the forces and out of the equipment modernization of the forces.

So, when you're going through a 30 or 40 percent reduction in resources and you decide to keep the same number of people in your operation, you do not have to be a military genius to predict the outcome. The outcome was what came to be called the "Hollow Army."

Now we're going through the third drawdown since the second World War, and this time we've got to get it right. I can state to you that we have started it off on the right foot. The most fundamental and the most painful decision has already been made, which is that we are going to cut force structure while maintaining

force readiness. That is, whatever size our military force is, person for person and unit for unit, it will be at a high level of training, a high level of readiness.

What can I do as the Secretary of Defense to ensure this level of readiness? I don't need to explain to you that my job is not to go out and fix the airplanes when they break--that's one thing we could do to improve readiness--but I do allocate resources.

The best evidence that I can give you that I'm serious about this is simply to describe to you how I'm allocating the '95 defense budget. Two numbers, I think, will make this point. In that budget we've reduced the dollars for force structure by seven percent, and we've increased the dollars for operation and maintenance of the forces by six percent--so, for a net 13 percent increase per unit.

The second major contribution that I can make to ensure the drawdown leaves us with a ready-to-fight force is to change the way we buy our equipment. So I have launched on something which has come to be called the "reform of the Defense Acquisition System." This is a system which people have tried for decades to reform, and I really feel like Don Quixote sitting on my steed, galloping towards the windmill down there marked Defense Acquisition System. Even with this image in my mind, I am galloping ahead, and I am going to hit that windmill, and history will determine whether I'm thrown off the horse, or whether the windmill changes the way it turns.

This acquisition system we had was, arguably, an appropriate system when we were buying $100 billion worth of equipment a year. We created a unique industry, a defense industry, and hermetically sealed that industry by the regulations that we created for buying equipment. We had that industry serve just us. Now we're buying less than half that much, and this won't work any more. It costs too much in overhead for us, it costs too much for our suppliers, and most importantly it isolates us from the cutting edge technology we need from the commercial sector in areas like computers and software.

There will be two components to the changes we'll be making in this Defense Acquisition System. The first component is the changes we have asked the Congress to make. There are two bills now on the floor of the Congress for the reform of the system. One of those bills is going to pass in the next month or two, I believe, and, I believe, we will have a comprehensive reform bill. I also will forecast that this bill will not be as comprehensive or make as deep reforms as I had requested or as I had hoped for.

Nevertheless, the bill will be an important step forward, and we will take full advantage of it.

The second component of changes we're making are the things that the Defense Department can change on its own without any change in the law. About half of the barriers to real reform in this system are self-inflicted wounds. We've done it to ourselves, we've written the regulations, and said this is the way we're going to buy equipment. So, these are regulations or processes that the Department created on its own, and which we can uncreate on our own, and we are in the process of doing that uncreation right now.

In the last six months, we have established process action teams which are systematically changing the massive set of regulations by which we do business in the Defense Department. Most dramatically, they have been transforming the so-called MILSPEC System, the system which specifies the details of how we buy equipment. By this time next year, most of the equipment, most of the systems, most of the subsystems we buy in the Defense Department, will be bought to industrial specs, not military specs. This will be a giant step forward.

So, I have described to you, in summary form, my three objectives for the Defense Department during my tenure as the Secretary of Defense. If we can accomplish them, I believe we will have served the American people well, and we'll have taken the first important steps in providing for America's security in this post Cold War era.

On this very day, May 13th, in 1607, the first English colony in Jamestown was founded just a few miles down the road. Those pioneers were able to create a new world because they had great courage and great faith in the future. They understood well what Thomas Paine later spoke of. They understood that they had the power to begin the world again.

Now, almost 400 years later, we, their descendants, live in a time when we too are required to have great faith in the future, and we too must understand that the opportunity, the power, and the obligation we have to recreate the world for our children and for our grandchildren.

Thank you.

(Applause)

Q: Mr. Secretary, you very carefully defined how we have done away with the threat of the old Soviet Union, but there may be other sources of nuclear

weapons that will come into this arena. How do you propose to defend the United States against them?

A: Let me answer that in three different ways, really. The first of those is the program I've described to help disestablish, dismantle the nuclear weapons, apply not just to the Soviet Union, they apply to Kazakhstan and Ukraine and Belarus, all of the nuclear states of the former Soviet Union.

Secondly, we have a major program in non-proliferation which is trying to prevent this nuclear technology, these nuclear systems and weapons from getting into the hands of rogue nations. That's been a continual battle, a continual struggle through the years, but it's particularly important now that we have in Russia what some people call "loose nukes." That is nukes which may not be under full control of the government.

Finally, in spite of all of our best efforts to reduce this threat and to keep the threat from spreading to other countries, we still have to have the ability to defend ourselves against weapons that may be fired at us. So, we are moving at what I would call a vigorous pace toward the production and deployment of a theater ballistic missile defense system. We see the immediate threat from missiles being launched against us as a theater problem, rather than a continental United States problem. But we are also prepared to consider at a later date, if and when we see a threat to the continental United States, to extend this defensive system to the United States as well.

Q: Mr. Secretary, I'd like to return to your comments about Korea. While you were visiting Korea, it was widely reported that you found a combination of U.S. forces and South Korean forces to be woefully undermanned and very poorly equipped to deal with a North Korean land invasion. Tonight, you said you found the forces in good position to deal with any threat from North Korea. Were the newspaper reports simply inaccurate, or is there something we don't understand about this?

A: Any newspaper report that said that was inaccurate, because I reported while I was in South Korea and in Japan and then after I came home, I reported what I told you tonight, that I found them very well prepared.

Now you must understand that when I say we are prepared to defend, I do not mean the defense would come just from the troops that are in country at this time. The South Koreans have a sizeable army there. I think it's something over 600,000 forces. We have a very small set of forces in the country of Korea, about 37,000, but we have a contingency plan for rapidly deploying forces. In particular, deploying in very, very short times large numbers of air squadrons that would in a

matter of days I think be effective in stopping any ground attack against South Korea.

I was very impressed with the quality of both the South Korean forces and the American forces. I'm even more impressed with the plan we have for reinforcing them very quickly.

I stopped on the way over, at Elmendorf Air Base in Alaska, and visited the squadrons there which would be one of the first squadrons to arrive in North Korea. These squadrons are F-15 Eagle squadrons, probably the most effective ground attack airplane in the world today. I met and talked with each of the pilots. They have the detailed plans ready to go on hours notice. They know just where they're going to go, they've gone through exercises of flying down to the air bases where their aircraft would be based, they know what targets they're going to. This is a team that's ready, and ready to go in hours.

So, I have very high confidence in the ability of the American and South Korean forces to quickly and decisively defeat any military adventure by North Korea. I said that at the time. I'm saying that not only to American audiences. I want to say it very clearly to North Korean audiences. First of all, we are prepared to defend South Korea; and secondly, we are able to decisively defeat any such attack.

Q: Mr. Secretary, you spoke eloquently about what we are doing to assist in the denuclearization of the former Soviet Union, but as I understand it, it's the conventional forces in Russia that are still very sizeable, but are trying to operate on a defense budget that is a quarter or less of its former size, and that the very coherence of the Russia conventional military is at stake. First of all, is that correct information? Second, is there anything that we can or should be doing in that connection with conventional forces?

A: The Russian conventional forces are dramatically reduced over what they were during the Cold War. It's hard to get a really accurate figure on the size of the Russian armed forces today. They are probably approximately the size of the U.S. armed forces, which is about 1.5 million men. I would compare that with the Red Army during the days of the Soviet Union which was about five million. So, there are very dramatic reductions. There may be even fewer than what is considered an effective force in the Russian army today because they're having almost entirely a conscript army for the enlisted men, and they have a very low percentage of people who turn out for the conscription. There's seemingly no good way of enforcing that. The discipline and the morale is down substantially in the forces.

So, what you have in the Russian army today is, you continue to have an effective officer corps of well-trained and professional and highly skilled officers, but nothing equivalent to our NCOs and enlisted men with the discipline and the capability that our forces have. I think almost any Russian senior officer would describe his concern about the army in the terms that I've used.

They're taking steps to try to correct that. They are seriously considering going to an all volunteer force--a contract instead of a conscription force. They recognize they have to have a much smaller army than they had before, and they'll probably stabilize at a number about the size of our armed forces. They also are anxious, and state as their objective, ending up with a lighter, mobile armed forces instead of the emphasis they had during the Cold War on very heavy armored force equipment, armored force divisions. Dramatic changes are going on in the Russian army today compared to the former Red Army.

Q: Mr. Secretary, you mentioned nuclear materials removed from the warheads or weapons that might be burned up in civilian nuclear energy reactors. We've known this material has been offered now for a little over a year. When, sir, can our Administration propose to actually accept title to that material, get it off the market, dilute it, and provide it to those with reactors that we can burn it up?

A: We have already offered to do that, and now it's just a matter of the dismantling, the time it takes to dismantle the weapons and reduce it to what would be highly enriched uranium.

There would be two alternatives from that point on. One alternative would be for the Russians themselves to then process this highly enriched uranium to convert it down to reactor grade uranium, low enriched uranium. In any event, we...

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